



STATE BOARD OF EQUALIZATION

916-445-3237

March 11, 1981

Dear

This is in response to your letter of January 30, 1981. Your inquiry concerns the correct application of Revenue and Taxation Code section 6369.4 to your sales of certain modifications in connection with your sales of paratransit vehicles.

We understand that your company manufactures a paratransit vehicle which is designed totally for use by handicapped persons. You wish to know whether the entire body conversion package would qualify under section 6369.4. You also wish to know whether available options such as air conditioning, front-lighted signs, special paints, safety kits and flares and transmission coolers are exempt from tax, when built in conjunction with the paratransit vehicle.

Effective January 1, 1979, Senate Bill 2175 added section 6369.4 to the Revenue and Taxation Code. Section 6369.4 provides that tax does not apply to the sale, storage, use or other consumption in this state of items and materials used to modify a vehicle for physically handicapped persons.

The term "physically handicapped" persons as used in section 6369.4 includes only those disabled persons described in California Vehicle Code section 22511.5 as qualified for special parking privileges. Tax does not apply to the sale of items and materials which are used to modify vehicles in those instances where the modifications to the vehicle(s) are necessary in order to transport such physically handicapped persons. This exemption includes vehicles which are owned and operated by physically handicapped persons as well as vehicles which are used in the public or private transport of physically handicapped persons.

If modifications made to a vehicle are specifically necessary to enable the vehicle to be used to transport physically handicapped persons then they are exempt from tax under section 6369.4. In some instances items such as air conditioning, insulation and citizen hand radios might be necessary to transport persons with certain types of disabilities while in other cases they would not be considered necessary.

We have examined the vehicle specification sheet for the following paratransit van which was enclosed in your letter. The following items would appear not to be specifically necessary to transport physically handicapped persons:

- I. Capacity
- II. Wheelbase
- III. Dimensions
- IV. Engine
- V. Frame
- VI. Brakes
- VII. Steering
- VIII. Bumpers
- XII. Standard Accessories
- XIII. Options

All of the above items appear to be standard van specifications and not specifically necessary to transport physically handicapped persons. Again, items such as front and back air conditioning of the AM/FM could be shown in some instances to be necessary modifications for the transport of physically handicapped persons depending on the type of persons the vehicle will be used to transport.

The specifications for items such as sidedoors, rear doors, and front doors, (Items IX, X and XI) as well as all of the modifications listed under "A" (body modification, roof extension, modified door, door operator, supplemental steps, floor, lights and wiring, seating, wheelchair lift(s) and controls, wheelchair restraints) would appear to qualify under section 6369.4 as necessary modifications to a vehicle used to transport physically handicapped persons.

If you have further questions concerning this matter, please write this office again.

Very truly yours,

Mary C. Armstrong
Legal Counsel